

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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**Date:** 6/3/2013

**GAIN Report Number:**

## Kenya

## Coffee Annual

## Kenya Coffee Annual Report

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**Report Highlights:**

Kenya's Arabica exports will likely reach 825 thousand 60 kilogram bags for marketing year (MY) 2014 (October 2013 to September 2014) an increase from the two previous marketing years. Favorable Arabica coffee prices, renewed interest in coffee farming and hence, improved crop husbandry practices together with anticipated good weather, largely explains the projected raise in exports.

**Commodities:**

## Coffee, Green

### Production:

FAS/Nairobi forecasts coffee production at 850 thousand 60 kilogram bags in MY 2014, a 50 thousand 60 kilogram bags increase from MY 2013 attributed to improved crop husbandry practices, and anticipated good weather. Favorable coffee prices in the last two years (an average of US\$190 and US\$ 228.62 per 50 kilogram bag, in 2012 and 2011 respectively), provided Kenyan coffee farmers income to increase investment in coffee farming. New coffee plantations have also opened up in west of the Rift Valley (Mount Elgon region in western Kenya, bordering Uganda). In addition, farmers have replaced old coffee trees with new ones.

### Production, Supply and Demand Data Statistics

Coffee, Green Kenya	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Oct 2011		Market Year Begin: Oct 2012		Market Year Begin: Oct 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0		0
Area Harvested	0	0	0	0		0
Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0		0
Total Tree Population	0	0	0	0		0
Beginning Stocks	30	30	25	15		30
Arabica Production	825	817	850	800		850
Robusta Production	0	0	0	0		0
Other Production	0	0	0	0		0
Total Production	825	817	850	800		850
Bean Imports	0	6	0	4		6
Roast & Ground Imports	0	0	0	0		0
Soluble Imports	0	24	0	26		30
Total Imports	0	30	0	30		36
Total Supply	855	877	875	845		916
Bean Exports	780	790	800	750		800
Rst-Grnd Exp.	0	15	0	10		15
Soluble Exports	0	7	0	5		10
Total Exports	780	812	800	765		825
Rst,Ground Dom. Consum	50	50	50	50		50
Soluble Dom. Cons.	0	0	0	0		0
Domestic Use	50	50	50	50		50
Ending Stocks	25	15	25	30		41
Total Distribution	855	877	875	845		916

1000 HA, MILLION TREES, 1000 60 KG BAGS

### Data Sources:

Coffee Board of Kenya (CBK): Marketing Year (MY) 2012 Production Data

Global Trade Atlas (GTA): MY 2012 Imports and Exports Data

FAS/Nairobi: All remaining lines and years

**Consumption:**

The Coffee Board of Kenya (CBK) together with the Brand Kenya initiative has put deliberate efforts to encourage domestic coffee consumption, through coffee awareness campaigns. CBK estimates domestic coffee consumption at 2.5 percent, growing at a rate of 15-20 percent per year. In the last three calendar years, coffee shops have opened up in the major cities to cater for a growing middle class which has taken up a coffee drinking culture. Consequently, domestic coffee consumption will continue to grow as the Kenyan economy develops.

**Trade:**

Kenya continues to market its coffee through the central auction system and to a lesser extent the direct sales channel. Germany, Belgium, and Sweden will likely remain the largest market for Kenya's exportable surplus. For example, in MY 2011/2012, Kenya supplied the three countries with 60 percent of the total coffee exported. The United States sourced 11 percent of the total during the same marketing year. The high quality Kenyan coffee is sought after for blending with other varieties from other countries.

Reportedly, for the current marketing year, coffee thefts have occurred at almost every stage of the coffee value chain (at farm, factory, warehouse, including in the auction floor) owing to the favorable world prices and lack of a tracking system especially for coffee sold through the direct sales channel. As a result, some production and trade data remains undocumented.

Following table shows coffee exports destination as reported by CBK in MY 2011/2012

DESTINATION	WEIGHT	NO. OF BAGS IN 60KGS	TOTAL EXPORT(%)
GERMANY	10,171,346.00	169,522.43	25.92
BELGIUM	7,929,620.00	132,160.33	20.18
SWEDEN	5,433,448.00	90,557.47	13.90
USA	4,317,290.40	71,954.84	11.0
UNITED KINGDOM	2,374,305.00	39,571.75	6.05
FINLAND	1,761,600.00	29,360.00	4.02
CANADA	1,077,300.00	17,955.00	2.74
NORWAY	988,428.00	16,473.80	2.51
JAPAN	914,758.00	15,245.97	2.32
INDIA	587,000.00	9,783.33	1.50
SAUDI ARABIA	585,860.00	9,764.33	1.50
KOREA	452,286.00	7,538.10	1.14
Others			7.27
<b>Totals</b>	<b>39,292,416.40</b>	<b>699,859.25</b>	<b>100%</b>

Data Source: Coffee Board of Kenya (CBK)

**Stocks:**

Kenyan coffee traders, millers, and some growers hold majority of the stocks.

**Policy:**

The Kenyan government does not facilitate or support coffee export subsidies and does not charge export taxes.

The Coffee Board of Kenya is in the process of finalizing a National Coffee Development Strategy whose major thrust includes:

- Increased productivity;
- Value addition and development of the domestic market;
- Re-introduction of Robusta coffee; and
- Support of coffee growing west of the Rift Valley.